

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Adoption of Ordinance No. 844 – Authorizing Acquisition of Real Property for the Purpose of Provision of Sewer Service Utility and Uses Related Thereto by Negotiated Voluntary Purchase, Under Threat of Condemnation, or by Condemnation

DEPARTMENT: City Attorney Office

PRESENTED BY: Margaret King, City Attorney

ACTION: ☒ Ordinance ☐ Resolution ☐ Motion
 ☐ Discussion ☐ Public Hearing

PROBLEM/ISSUE STATEMENT:

On December 9, 2013, BSRE Point Wells L.P. (BSRE) conveyed property underlying a sewer lift station to the City by Quit Claim Deed “under threat of condemnation” in anticipation of the City’s assumption of the assets and operations of the Ronald Wastewater District. Notwithstanding the City’s current full operation of the sewer system since October 2017, on August 30, 2018, BSRE sent the City a letter that it “intends to exercise its rights to reacquire the real property rights transferred to the City of Shoreline . . . based on the delay in the City’s assumption of the Ronald Wastewater District, which was to occur by July 1, 2018”, proposing a closing date no later than November 31, 2018.

RCW 8.12 authorizes and empowers cities to condemn land and property for certain public uses and benefit either in or outside of their municipal boundaries.

Condemnation allows for the acquisition of property for projects deemed to be in the public’s interest. Proposed Ordinance No. 844 (Attachment A) provides for this condemnation authority for the property underlying this sewer lift station.

Tonight, Council is scheduled to adopt proposed Ordinance No. 844. To permit adoption of this ordinance tonight, staff is requesting that the City Council waive Council Rule of Procedure 3.5. Rule 3.5 states that ordinances scheduled for Council action will generally receive three readings, with the first reading being the scheduling of the item on the Council Agenda Planner, the second reading being a discussion by the City Council, and the third reading being review and action by the Council at a subsequent meeting. Staff is recommending waiver of this rule due to the expeditious nature of this item. In waiving this rule, Public Comment for this agenda item will be provided following the staff presentation and prior to Council review and potential adoption of this ordinance as provided in Council Rule 6.1(B). This rule states that for Action Items before the Council for the first time that are not part of the consent agenda, public comment is to be conducted in this manner.

RESOURCE/FINANCIAL IMPACT:

The property was acquired for \$10,000 in 2014 and the Quit Claim Deed provides for re-conveyance of the property for \$10,000. Additional costs may include additional value of property and costs related to litigation that are unknown at this time.

RECOMMENDATION

Staff recommends that the City Council waive Council Rule of Procedure 3.5 and adopt Ordinance No. 844.

Approved By: City Manager **DT** City Attorney **MK**

BACKGROUND

Pursuant to Chapter 35.67 RCW and Chapter 35.92 RCW, the City has the authority to construct, condemn, purchase, acquire, add to, maintain, conduct, and operate systems of sewerage within and without of its limits. RCW 35.13A.030 also authorizes the City to assume full and complete management and control of the Ronald Wastewater District (“the District”), a special purpose district organized under Title 57 RCW operating a system of sewerage.

As provided in Chapter 39.34 RCW and RCW 35A.13.070, on October 22, 2002, the City and the District entered into the “*Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline’s City Limits*” (“2002 IOA”) that provided within 15 years for the transfer to the City of the District’s facilities, property, rights and power. The anticipated date for the finalization of the full assumption was October 22, 2017 (the “2017 Target Date”).

Property owned by BSRE Point Wells L.P. (“BSRE”) is located within the corporate and service area boundaries of the District. The District has a lift station and related facilities located on property in the Point Wells area that was previously owned by BSRE but, as noted below, is now owned by the City. The lift station and related facilities also provides service to additional residences in the City, the Town of Woodway, and unincorporated Snohomish County.

On December 9, 2013, BSRE conveyed property underlying the sewer lift station to the City by Quit Claim Deed (Attachment B) “under threat of condemnation” in anticipation of the City’s assumption of the assets and operations of the District. The Deed states that if the City has “not completed its assumption of the District by close of business on July 1, 2018, then [BSRE] *at its election* may repurchase the property on not less than 90 days advance written notice to the [City], in which case a purchase price of \$10,000 must be paid by [BSRE] to [City] in exchange for a deed transferring title to Grantor or its assignee.”

As a result of the extensive litigation and the continuing actions of third parties attempting to obstruct the City’s statutorily-authorized and planned assumption of the District within Snohomish County, the City and the District entered into an amendment of the 2002 IOA entitled *First Amendment of Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline’s City Limits* (the “First Amendment”), on June 22, 2017, in order to extend the time for the final formal assumption of the District.

On October 23, 2017, the City and the District also entered into a *Wastewater Utility Operating and Services Agreement Between the City of Shoreline and Ronald Wastewater District* (“Services Agreement”; Attachment C) that provides for, among other things, a two year extension of the date for final assumption, with the ability for two additional two year extensions. In the interim, it was agreed that the City would move ahead with providing for the full operation and maintenance of the sanitary sewer system by the original 2017 Target Date deadline set out in the 2002 IOA. In October 2017, the City began providing for the operation of sewer system and facilities for the District.

DISCUSSION

Notwithstanding the City's current full operation of the sewer system since October 2017, on August 30, 2018, BSRE sent the City a letter (Attachment D) that it "intends to exercise its rights to reacquire the real property rights transferred to the City of Shoreline . . . based on the delay in the City's assumption of the District which was to occur by July 1, 2018", proposing a closing date no later than November 31, 2018.

The City's retention of the ownership of the property conveyed in 2013 by BSRE is necessary for the current and future protection and continued operations of the District's and, after completion of formal assumption, the City's sewer system, as well as the current and future provision of sewerage services to the entire corporate boundaries and service area of the District.

RCW 8.12 authorizes and empowers cities to condemn land and property for certain public uses and benefit either in or outside of their municipal boundaries. Condemnation allows for the acquisition of property for projects deemed to be in the public's interest. The eminent domain statutes were written to prevent unreasonable demands or threats from being placed on public entities and to afford property owners value for their property. Proposed Ordinance No. 844 provides for this condemnation authority. Adoption of proposed Ordinance No. 844 by the Council does not preclude agreements being reached with BSRE or other property owners prior to the actual condemnation proceedings taking place, but it will enable the City to move forward in the event an impasse is reached.

All of the owners of impacted properties have received notice (Attachment E) and are aware that City staff is seeking eminent domain authorization at tonight's meeting and that they may provide comments in writing or at the meeting.

Waiver of Council Rule and Public Comment

Tonight, Council is scheduled to adopt proposed Ordinance No. 844. To permit adoption of this ordinance tonight, staff is requesting that the City Council waive Council Rule of Procedure 3.5. Rule 3.5 states that ordinances scheduled for Council action will generally receive three readings, with the first reading being the scheduling of the item on the Council Agenda Planner, the second reading being a discussion by the City Council, and the third reading being review and action by the Council at a subsequent meeting. Staff is recommending waiver of this rule due to the expeditious nature of this item. In waiving this rule, Public Comment for this agenda item will be provided following the staff presentation and prior to Council review and potential adoption of this ordinance as provided in Council Rule 6.1(B). This rule states that for Action Items before the Council for the first time that are not part of the consent agenda, public comment is to be conducted in this manner.

RESOURCE/FINANCIAL IMPACT

The property was acquired for \$10,000 in 2014 and the Quit Claim Deed provides for re-conveyance of the property for \$10,000. Additional costs may include additional value of property and costs related to litigation that are unknown at this time.

RECOMMENDATION

Staff recommends that the City Council waive Council Rule of Procedure 3.5 and adopt Ordinance No. 844.

ATTACHMENTS

Attachment A – Proposed Ordinance No. 844

Attachment A, Exhibit A – Depiction of Subject Property

Attachment B – December 9, 2013 Subject Property Quit Claim Deed

Attachment C – October 23, 2017 Wastewater Utility Operating and Services
Agreement between the City of Shoreline and Ronald Wastewater
District

Attachment D – August 30, 2018 BSRE 90 Day Notice to the City of Shoreline

Attachment E – September 26, 2018 City of Shoreline Notice to BSRE of Condemnation

ORDINANCE NO. 844

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AUTHORIZING ACQUISITION OF CERTAIN REAL PROPERTY BY NEGOTIATED VOLUNTARY PURCHASE, UNDER THREAT OF CONDEMNATION, BY CONDEMNATION, OR BY SETTLING CONDEMNATION LITIGATION, FOR THE PURPOSE OF RETAINING AND/OR OBTAINING FULL FEE TITLE TO PROPERTY FOR PURPOSES OF CURRENT, CONTINUED AND FUTURE PROVISION OF SEWER SERVICE UTILITY IN SNOHOMISH COUNTY, WASHINGTON; FINDING PUBLIC USE AND NECESSITY; AUTHORIZING JUST COMPENSATION FROM THE GENERAL FUND; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, pursuant to Chapter 35.67 RCW and Chapter 35.92 RCW, the City has the authority to construct, condemn, purchase, acquire, add to, maintain, conduct, and operate systems of sewerage within and without of its limits; and

WHEREAS, RCW 35.13A.030 authorizes the City of Shoreline to assume full and complete management and control of the Ronald Wastewater District (“the District” or “Ronald”), a special purpose district organized under Title 57 RCW operating a system of sewerage; and

WHEREAS, on October 22, 2002, the City and the District entered into the *Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline’s City Limits* (“2002 Interlocal Operating Agreement”) as provided in Chapter 39.34 RCW and RCW 35A.13.070 so as to provide for the transfer to the City of the District’s facilities, property, rights and powers as provided in Chapter 35.13A; and

WHEREAS, the 2002 Interlocal Operating Agreement provided for a 15-year term to complete the transition and the assumption process, which caused the District and the City to work toward the mutual goal of having the City fully “assume” and incorporate the District into the City by October 22, 2017 (the “2017 Target Date”); and

WHEREAS, on December 9, 2013, the City Council adopted Ordinance No. 681 authorizing the City Manager to initiate the formal assumption process; and

WHEREAS, on May 19, 2014, by motion, the City Council authorized the City Manager to proceed with the notices of intent for the assumption with the King and Snohomish County Boundary Review Boards; and

WHEREAS, on September 11, 2014, the Snohomish County Boundary Review Board issued its decision denying the City’s assumption of that portion of the District within Snohomish County; and

WHEREAS, on October 16, 2014, the King County Boundary Review Board issued its decision approving the City’s assumption of that portion of the Ronald Wastewater District within King County; and

WHEREAS, notwithstanding a Superior Court of King County Order Approving Sewer System Transfer, (“1985 Transfer Order”), Case No. 85-2-17332-5, that transferred and annexed the portion of the sewer system located in unincorporated Snohomish County (“Point Wells”) to the District in 1985, third-party entities in Snohomish County have continually objected and challenged the City’s formal assumption of the District before the Snohomish County Boundary Review Board and have taken actions to interfere with the District’s system and provision of service in the Point Wells area; and

WHEREAS, as a result of the continued actions and challenges taken by these third-party entities related to the assumption on July 15, 2016, the District filed a First Amended Complaint for Declaratory Judgment and Injunctive Relief and Petition for Writ of Statutory and Constitutional Review, 16-2-15331-3 SEA. The parties to the suit filed cross claims, counter claims and numerous dispositive motions; and

WHEREAS, on May 9, 2017, the King County Superior Court entered an Order and Judgment Granting Ronald Wastewater District’s Motion for Partial Summary Judgment & Declaratory Judgment and Denying Snohomish County’s and Woodway’s Motions for Summary Judgment. The Order confirmed that (1) the 1985 Transfer Order lawfully transferred the sewer system to Ronald and annexed the Point Wells Service Area to Ronald’s corporate boundary and (2) held that the Snohomish County Defendants’ challenges to the validity of the 1985 Transfer Order were without merit; and

WHEREAS, the Snohomish County Defendants requested certification of the Order and Judgment to allow for an immediate appeal. The Superior Court granted certification and stayed the remainder of the case on May 18, 2017. The Washington Supreme Court denied the request for direct review and the appeal was assigned to the Court of Appeals on June 6, 2018 and is awaiting oral argument; and

WHEREAS, on December 12, 2016, the City Council adopted Resolution No. 398 authorizing the re-filing of a notice of intent to assume with the Snohomish County Boundary Review Board; and

WHEREAS, on July 11, 2017, the Snohomish County Boundary Review Board issued its decision, once again denying the City’s assumption of that portion of the District within Snohomish County, notwithstanding the 1985 Transfer Order. The City appealed the decision to Superior Court and the matter is stayed pending the outcome of the Declaratory Judgment appeal in order to avoid the needless expenditure of resources until that decision is final; and

WHEREAS, as a result of the extensive litigation and the continuing actions of third-parties to obstruct and oppose the City’s planned assumption of the District on June 22, 2017, the City and the District entered into an amended document entitled *First Amendment of Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline’s City Limits* (the “First Amendment”); and

WHEREAS, on October 23, 2017, as authorized by the First Amendment, Chapter 39.34 RCW (the Interlocal Cooperation Act), and RCW 35.13A.070, the City and District entered into a *Wastewater Utility Operating and Services Agreement Between the City of Shoreline and Ronald Wastewater District* (“Services Agreement”) that provides, among other things, for an extension of the date for final assumption an additional two years, with the ability for two additional two year extensions but, in the interim, for the City to take over providing for the operation and maintenance of the sanitary sewer system; and

WHEREAS, in accordance with the Services Agreement, in October 2017, the City began providing for the operation of all of the facilities of the District; and

WHEREAS, the lift station located on property in the Point Wells area that the Superior Court held was within the District’s service area and corporate boundaries currently provides sewer service to residences in the City of Shoreline, the Town of Woodway, and unincorporated Snohomish County, including property owned by BSRE Point Wells L.P. (“BSRE”); and

WHEREAS, on December 9, 2013, BSRE conveyed certain property, by Quit Claim Deed (“the Deed”) to the City “for and in consideration of Ten Thousand Dollars (\$10,000.00) in hand paid, and under threat of condemnation” in anticipation of the City’s assumption of the assets and operations of the District and the provision of services to Point Wells; and

WHEREAS, the Deed states that if the City had “not completed its assumption of Ronald by close of business on July 1, 2018, then [BSRE] at its election may repurchase the property on not less than 90 days advance written notice to the [City], in which case a purchase price of \$10,000 must be paid by [BSRE] to [City] in exchange for a deed transferring title to Grantor or its assignee;” and

WHEREAS, the City Council finds that the City’s retention of the ownership of certain property generally depicted in Exhibit A, attached hereto (the “Property”), is necessary for the protection of continued operations of the District’s sewer system, as well as the current and future provision of sewerage services to the entire Ronald corporate boundaries and service area in accordance with the 2002 Interlocal Operating Agreement, the First Amendment to the Operating Agreement, the Services Agreement, the District’s Comprehensive Sewer Plan, and the ultimate assumption and provision of sewer services by the City; and

WHEREAS, just compensation for the Acquired Property can be funded through the City’s General Fund; and

WHEREAS, there will continue to be sustained efforts to negotiate with the owners of the Acquired Property for the acquisition of the continued right of full fee ownership which will

continue, and eminent domain action will be taken judiciously after reasonable efforts to reach a negotiated settlement with the Property; and

WHEREAS, the property owners of the Acquired Property were given notice according to state statute that this condemnation ordinance was included for discussion by the City Council at the meeting of October 15, 2018, and were afforded an opportunity to comment at that meeting; and

WHEREAS, the City has provided notice of the adoption of this Ordinance in the manner set forth in RCW 8.12.005 and 8.25.290; and

WHEREAS, despite on-going efforts to acquire the Acquired Property by negotiation and agreement, in the event that negotiated acquisition of the Property is not fully successful, it is essential that the City be prepared to initiate condemnation proceedings; and

WHEREAS, the City of Shoreline has the power to acquire lands through eminent domain for the purpose of providing utilities; and

WHEREAS, acquisition of the Acquired Property is categorically exempt from SEPA review under WAC 197-11-800(5)(a); now, therefore,

**THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DO
ORDAIN AS FOLLOWS:**

Section 1. Condemnation Authorized. Ownership of and all interests in the land located in unincorporated Snohomish County, State of Washington commonly known as Tax parcel number: 27033500303800 located at: 24233 Richmond Beach Dr., Edmonds, WA 98026; Tax parcel number: 27033500303000 located at: 24233 Richmond Beach Dr., Edmonds, WA, 98026; Tax parcel number: 27033500304100 located at, adjacent to, and/or east of 24233 Richmond Beach Dr., Edmonds, WA 98026; Tax parcel number: 27033500304400 located at 24233 Richmond Beach Dr., Edmonds, WA 98026; Tax parcel number: 27033500304500 located at 24233 Richmond Beach Dr., Edmonds, WA 98026; and Tax parcel number: 27033500304300 located at: 24233 Richmond Beach Dr., Edmonds, WA 98026; and generally depicted in Exhibit A attached hereto and by this reference incorporated herein (the “Property”) is necessary for the continued public use of the operation of a sewerage system, and is hereby condemned, appropriated and taken for such public use, subject to the making or paying of just compensation to the owners thereof in the manner provided by law.

The City Manager or her designee is hereby authorized and directed to execute all documents for the acquisition of all interests in the Acquired Property and bring proceedings in the manner provided for by law to condemn, take, damage, and appropriate the Acquired Property described in this ordinance pursuant to the powers granted to the City of Shoreline including RCW 35A.64.200 and Chapters 8.12 and 8.25 RCW. This authorization includes the right to condemn all reversionary interests, easements, and options in said Acquired Property.

The City Attorney is authorized to begin and prosecute legal proceedings in the manner provided by the law to purchase, condemn, take, appropriate, and otherwise acquire the land and all other interests and property rights and privileges necessary to carry out the purposes of this Ordinance. The City Attorney is also authorized to make minor amendments to any property descriptions or maps of property or properties generally depicted on the attached Exhibit A as may become necessary to correct scrivener's errors or to correctly describe the Property required for the project.

Section 2. Finding of Public Use and Necessity. The Shoreline City Council finds that the acquisition of the Acquired Property is for a public use and purpose, to-wit: to operate and maintain and provide for a system of sewerage. The City Council further finds the property generally depicted in Exhibit A is necessary for the proposed public use and for the benefit of the public. The Whereas clauses set forth above are hereby incorporated into and made part of the Council's findings.

Section 3. Compensation. Compensation to be paid to the owners of the properties identified in Section 1, above, and costs and expenses of litigation authorized by this Ordinance, shall be paid from the City's General Fund.

Section 4. Effective Date and Publication. A summary of this Ordinance consisting of the title shall be published in the official newspaper and the Ordinance shall take effect five days after publication.

PASSED BY THE CITY COUNCIL ON OCTOBER 15, 2018.

Mayor Will Hall

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Margaret J. King
City Attorney

Publication Date: _____, 2018
Effective Date: _____, 2018

QUARTER

SECTION

TOWNSHIP N.W.B.L.

RANGE E.W.M.

SW

35

27

3

Centerline

Gov Lot

Major Water

Minor Water

Lot

Subdiv

Other Lot

Other Subdiv

Block

ROW

Vac ROW

Vac Lot

Section

Quarter

16th

Easement

City Limits

Tax Acct

Easement

ALL MAPS, DATA, AND INFORMATION SET FORTH HEREIN ("DATA"), ARE FOR ILLUSTRATIVE PURPOSES ONLY AND ARE NOT TO BE CONSIDERED AN OFFICIAL CITATION TO, OR REPRESENTATION OF, THE SNOHOMISH COUNTY CODE. AMENDMENTS AND UPDATES TO THE DATA, TOGETHER WITH OTHER APPLICABLE COUNTY CODE PROVISIONS, MAY APPLY WHICH ARE NOT DEPICTED HEREIN. SNOHOMISH COUNTY MAKES NO REPRESENTATION OR WARRANTY CONCERNING THE CONTENT, ACCURACY, CURRENCY, COMPLETENESS OR QUALITY OF THE DATA CONTAINED HEREIN AND EXPRESSLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. ALL PERSONS ACCESSING OR OTHERWISE USING THIS DATA ASSUME ALL RESPONSIBILITY FOR USE THEREOF AND AGREE TO HOLD SNOHOMISH COUNTY HARMLESS FROM AND AGAINST ANY DAMAGES, LOSS, CLAIM OR LIABILITY ARISING OUT OF ANY ERROR, DEFECT OR OMISSION CONTAINED WITHIN SAID DATA. WASHINGTON STATE LAW, CH. 42.56 RCW, PROHIBITS STATE AND LOCAL AGENCIES FROM PROVIDING ACCESS TO LISTS OF INDIVIDUALS INTENDED FOR USE FOR COMMERCIAL PURPOSES AND, THUS, NO COMMERCIAL USE MAY BE MADE OF ANY DATA COMPRISING LISTS OF INDIVIDUALS CONTAINED HEREIN.

0

200

400

Feet

1 inch = 200 feet

Map produced on August 01, 2016

↑↑↑

A product of the Assessor's Office

Snohomish County, Washington

R3E R4E R5E R6E R7E R8E R9E R10E R11E R12E

T32N T33N T34N T35N T36N T37N T38N T39N T40N

The main map area displays a detailed land survey for NW-35-27-03. It shows a grid of property lots, many of which are numbered in red (e.g., 2-016, 2-002, 2-008, 3-027, 3-012, 3-028, 3-011, 3-040, 3-039, 3-011, 3-036, 3-001, 3-018, 3-022, 3-016, 3-021, 3-025, 3-041, 3-003, 3-020, 3-019, 3-004, 3-002, 3-007, 3-024, 3-023, 3-034, 3-033, 3-032, 3-005, 4-002, 4-032, 4-003, 4-001, 4-033, 4-004, 4-008, 4-013, 4-017, 4-018, 4-019, 4-031, 4-041, 4-042, 4-043, 4-015, 4-027, 4-030). Some lots are highlighted in yellow with specific parcel numbers (e.g., 27033500303000, 27033500304300, 2703350030440, 27033500304500, 27033500304100, 27033500303800, 27033500304000, 27033500304100). The map also shows major roads like 'BURLINGTON NORTHERN SANTA FE RAILROAD (GREAT NORTHERN RAILROAD)', 'CITY OF WOODWAY', 'HEBERLEIN RD (VACATED 226-62)', '115TH PL W', '116TH AVE W', and '116TH ST SW'. Geographical features include 'PUGET SOUND', 'APPROX SHORE LINE', 'BULKHEAD', 'GOVT MEANDER LINE', and 'INNER HARBOR LINE'. Other labels include 'WOODWAY VIEW', 'SOUND VIEW PARK (5815)', 'BPA SNOHOMISH KITSAP PROJECT...', 'TR 999 (9132)', 'TR 100', and 'BLA 04-109874'. A north arrow and a scale bar (1 inch = 200 feet) are also present.

8a-11

1040526

Attachment B

10.00

After Recording Return To:

City of Shoreline
Attn: Ian Sievers, Shoreline City Attorney
17500 Midvale Ave N
Shoreline, WA 98133-4905



201312090438 6 PGS
12/09/2013 4:53pm \$77.00
SNOHOMISH COUNTY, WASHINGTON

No. 751570 12/9/2013 4:50 PM
Thank you for your payment.
BELINDA

QUIT CLAIM DEED

Reference numbers of related documents:

Grantor: **BSRE Point Wells, LP**, a limited partnership organized under the laws of the State of Delaware.

Grantee: **City of Shoreline**, a noncharter, optional code Washington municipal corporation.

Abbreviated Legal Description: PORTION SOUTHWEST QUARTER OF SOUTHWEST QUARTER OF SECTION 35, TOWNSHIP 27 NORTH, RANGE 3 EAST, WILLAMETTE MERIDIAN.

Full Legal Description: See Exhibit A.

Assessor's Property Tax Parcel Account Number(s):

27033500303800; 27033500303000; 27033500304100

QUIT CLAIM DEED

THE GRANTOR, BSRE Point Wells, LP, a limited partnership organized under the laws of the State of Delaware, for and in consideration of Ten Thousand Dollars (\$10,000.00) in hand paid, and under threat of condemnation, hereby conveys and quit claims to the City of Shoreline, a noncharter, optional code Washington municipal corporation, GRANTEE, all right, title and interest each in and to the following described real estate situated in the County of Snohomish, State of Washington (the "Property"):

The legal description is attached as Exhibit A hereto.

As the Grantee has the lawful authority to operate systems of sewerage under RCW 35.92.010 and condemnation powers to implement this purpose under RCW 8.12.030, this Quit Claim Deed is granted under threat of condemnation and in anticipation of the City of Shoreline's assumption of the assets and operations of the Ronald Wastewater District. In the event Grantee has not completed its assumption of the Wastewater District by the close of business on July 1, 2018, then Grantor at its election may repurchase the property on not less than 90 days advance written notice to the Grantee, in which case a purchase price of \$10,000 must be paid by Grantor to Grantee in exchange for a deed transferring title to Grantor or its assignee.

This conveyance is subject to all easements, restrictions, rights, reservations and other matters of record, as well as those matters known to the Grantee.

In addition to the other reservation of rights contained herein, Grantor reserves the right to use the surface of said Property, so long as said use does not interfere with the installation and maintenance of the sewer main and lift station and so long as no permanent buildings or structures are erected on said easement that would preclude Grantee's access to such sewer main and lift station. Grantor further reserves the right to enter on the Property without notice and at any time for the purpose of inspection, surveying, observation, or any other lawful and proper purpose so long as said use does not interfere with the installation, operation and maintenance of the sewer main and lift station.

Grantor additionally reserves such easements as are necessary and appropriate for the current use of the Property for ingress and/or egress to Grantor's adjacent property and the right to request and require modifications to the improvements on or under the Property (to the extent owned by Grantee), including without limitation any and all utility systems and conveyances now or hereafter located within the Property, if such improvements or systems are deemed, in Grantor's sole discretion, to be inconsistent with or to unduly hamper the

current use of the Property for ingress and/or egress and the approval and ultimate construction and operation of the urban center development proposal now under review by Snohomish County. Such modifications and/or relocations of future improvements would be at Grantor's expense. For the sake of clarity, and without limitation, the parties' acknowledge that the proposed urban center development plan contemplates the construction within the Property of sidewalk access to the plaza and a service drive which shall provide access to the area behind the planned police/fire station. This drive will also be used for loading dock access for the planned upper plaza buildings and for trash pickup for the entire development. Grantor reserves the right to construct and utilize such improvements within the Property on an on-going basis and reserves herein such easements as are necessary and appropriate for such uses and purposes. Grantor further reserves the right to relocate any such easement(s) in and around the Property at Grantor's expense.

Grantor further reserves the right to repurchase the Property in whole or in part if the Grantee intends to sell or otherwise transfer or encumber any or all of the Property to a third party; such repurchase to be for \$10,000 or such lesser amount on a per foot basis if less than the entire Property is to be repurchased. Grantee shall give Grantor 60 calendar days advance written notice of any intended transfer or encumbrance. Grantor shall have 30 calendar days from the date of receipt of such written notice to give notice to Grantee of its intent to exercise such right and shall have an additional 30 calendar days to tender the purchase price to Grantee in exchange for a deed transferring title to the Property, or applicable portion thereof, to Grantor or its assignee. Any transfer or encumbrance by Grantee inconsistent with this right of first refusal shall be null and void.

The parties hereto acknowledge and agree that if corrections to the attached legal description must be made to make the intended transfer consistent with the parties' intent, such correction shall be deemed corrections only and shall not be deemed an additional conveyance.

The remainder of this page is intentionally left blank.

DATED this 9th day of December, 2013.

GRANTOR:

BSRE Point Wells, LP,
a Delaware limited partnership

By: BSRE U.S.A., Inc., a Delaware
corporation, its general partner

By: 

Printed Name: DOUGLAS A. LUETJEN

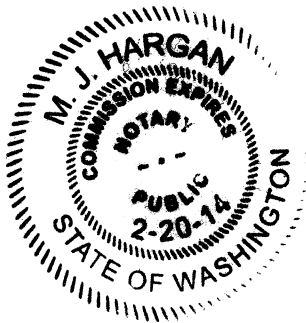
Title: AUTHORIZED SIGNATORY

STATE OF WASHINGTON)

COUNTY OF KING)

I certify that I know or have satisfactory evidence that DOUGLAS A. LUETJEN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the AUTHORIZED SIGNATORY of BSRE U.S.A., Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 9th day of December, 2013.




(signed name of notary)

M J HARGAN
(printed name of notary)

Notary Public in and for the
State of Washington

Residing at Bothell
My appointment expires 2-20-14

EXHIBIT ALEGAL DESCRIPTION
RONALD LIFT STATION

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 35,
TOWNSHIP 27 NORTH, RANGE 3 EAST, W.M., MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 35:

THENCE NORTH 88°33'35" WEST ALONG THE SOUTHERLY LINE OF SAID SECTION 35 A DISTANCE OF
1177.60 FEET TO THE INTERSECTION WITH THE EASTERLY MARGIN OF RICHMOND BEACH DRIVE;
THENCE NORTH 04°20'57" WEST ALONG SAID EASTERLY MARGIN A DISTANCE OF 258.82 FEET TO A
POINT ON THE NORTH LINE OF THE SOUTH 257.50 FEET OF SAID SOUTHEAST QUARTER OF THE
SOUTHWEST QUARTER OF SECTION 35, SAID POINT BEING THE TRUE POINT OF BEGINNING FOR THIS
DESCRIPTION;

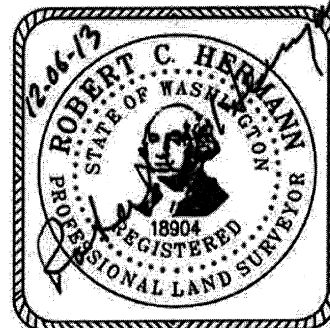
THENCE NORTH 88°33'35" WEST ALONG SAID LINE A DISTANCE OF 18.66 FEET;
THENCE NORTH 01°57'26" WEST A DISTANCE OF 57.10 FEET;
THENCE SOUTH 88°33'35" EAST A DISTANCE OF 76.57 FEET;
THENCE SOUTH 04°20'57" EAST A DISTANCE OF 57.29 FEET TO SAID NORTH LINE OF THE SOUTH 257.50
FEET OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 35;
THENCE NORTH 88°33'35" WEST ALONG SAID LINE A DISTANCE OF 60.31 FEET TO THE POINT OF
BEGINNING.

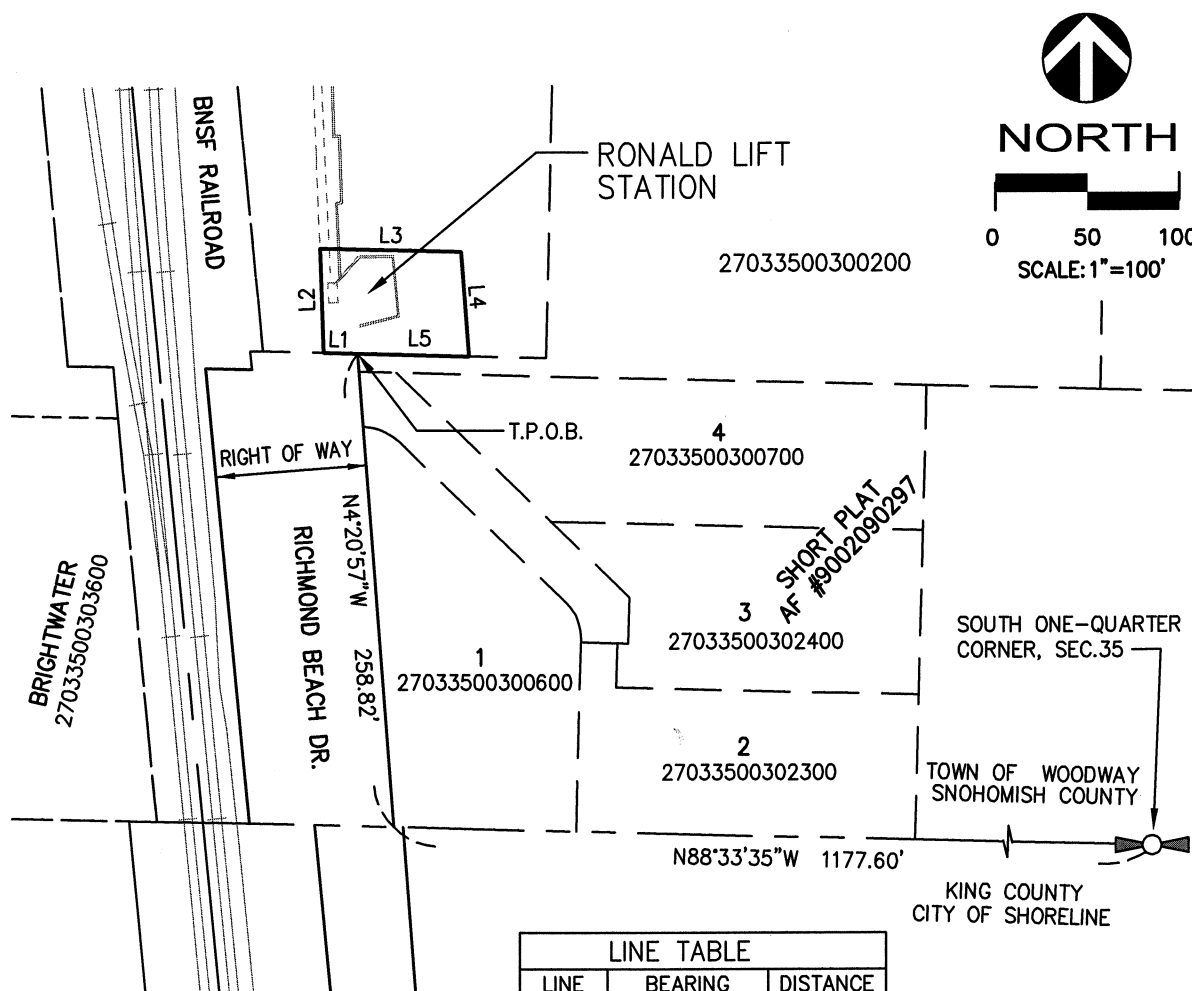
CONTAINING 4,433 SQUARE FEET, MORE OR LESS.

SITUATED IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.



DAVID EVANS & ASSOCIATES, INC.
1620 W. MARINE VIEW DRIVE, SUITE 200
EVERETT, WA 98201
TEL: (425) 259-4099 - FAX: (425) 259-3230





**DAVID EVANS
AND ASSOCIATES INC.**

2100 Southwest River Parkway
Portland Oregon 97201
Phone: 503.223.6663

A-2

8a-17



F-17

 Receiving # 8937
 (Obtain from City Clerk)

CONTRACT ROUTING FORM

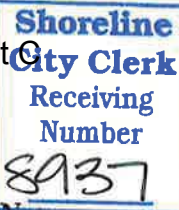
DESCRIPTION	Originator: John Norris	Routed by: Jessica Simulcik Smith
	Department/Division: City Clerk's Department/CMO	Date: 10/20/2017
	Name of Consultant/Contractor: City of Shoreline	
	Contract Title: Operating Services Agreement between City of Shoreline and Ronald Wastewater District	

CONTRACT CONTENT	Type of Contract:	<input type="checkbox"/> (GR) Grants	<input checked="" type="checkbox"/> (I) Intergovernmental Agreement	<input type="checkbox"/> (L) Lease Agreement
		<input type="checkbox"/> (S) Purchase of Services	<input type="checkbox"/> (W) Public Works	<input checked="" type="checkbox"/> (O) Other
	Bid/RFP Number:			
	Effective Date: 10/23/2017		Completion Date: Expires 10/23/2019	
	Has the original boilerplate language been modified? <input type="radio"/> Yes <input type="radio"/> No			
	If yes, specify which sections have been modified:			
Description of services:				

FINANCIAL DETAILS	Total Amount of Contract:				(Amount Verification): \$ 0.00			
	Org Key - Obj #		Amount:		Org Key - Obj #		Amount:	
	J/L # - Task #				J/L # - Task #			
	Org Key - Obj #		Amount:		Org Key - Obj #		Amount:	
	J/L # - Task #				J/L # - Task #			
	Org Key - Obj #		Amount:		Org Key - Obj #		Amount:	
	J/L # - Task #				J/L # - Task #			
	Are there sufficient funds in the current budget to cover this contract? <input type="radio"/> Yes <input type="radio"/> No							
	Remarks:							

FORMS	For Public Works / Small Works Contracts:				For Service Contracts:			
	<input type="checkbox"/> Selection Form	<input type="checkbox"/> Business License	<input type="checkbox"/> Selection Form	<input type="checkbox"/> Business License				
	<input type="checkbox"/> Contractor Responsibility Form	<input type="checkbox"/> Certificate of Insurance	<input type="checkbox"/> Certificate of Insurance					
	<input type="checkbox"/> Contract Bond/In Lieu of Form	<input type="checkbox"/> W-9 Form	<input type="checkbox"/> W-9 Form					

SIGNATURE	Authorization Level: City Manager			
	<input type="checkbox"/> 1. Project Manager	<input checked="" type="checkbox"/> 6. City Council (if required)	motion 10/2/2017	
	<input type="checkbox"/> 2. Risk Management/Budget/Grants	<input checked="" type="checkbox"/> 7. City Manager		
	<input checked="" type="checkbox"/> 3. City Attorney	<input checked="" type="checkbox"/> 8. City Clerk	JW 10/20/2017	
	<input checked="" type="checkbox"/> 4. Consultant/Contractor	<input type="checkbox"/> 9. Originating Department		
	<input type="checkbox"/> 5. Click to select or overwrite			



WASTEWATER UTILITY OPERATING SERVICES AGREEMENT BETWEEN THE CITY OF SHORELINE AND RONALD WASTEWATER DISTRICT

THIS WASTEWATER UTILITY OPERATING SERVICES AGREEMENT ("Services Agreement" or the "Agreement") is made and entered into this 23rd day of October, 2017 by and between the City of Shoreline, a Washington Non-Charter Optional Municipal Code City (the "City" or "Shoreline") and Ronald Wastewater District, a special purpose municipal corporation (the "District" or "Ronald"). The City and the District are each a "Party" and are collectively the "Parties" to this Agreement.

WHEREAS, on October 22, 2002, the City and the District entered into an agreement entitled *Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City Limits* (the "2002 Interlocal Operating Agreement"); and

WHEREAS, the 2002 Interlocal Operating Agreement provided for 1) grant of franchise to Ronald for operation of a sewer system within the City's corporate limits, which franchise rights apply solely within Shoreline's city limits, 2) an orderly transition of the Wastewater Utility and City assumption of all District assets, liabilities and contractual obligations, and employees, including those within Snohomish County; and

WHEREAS, while the title and Section 3.2 of the 2002 Interlocal Operating Agreement refer to the City's assumption of Ronald within the City's corporate limits, other provisions of the 2002 Interlocal Operating Agreement refer to "properties not located in the District or the City," and the City and the District have always interpreted the 2002 Interlocal Operating Agreement as providing for the City's full assumption of all of Ronald's assets, liabilities and contractual obligations, and employees not only within the City's corporate limits but also within Snohomish County; and

WHEREAS, on June 22, 2017, the City and the District entered into an amended document entitled *First Amendment of Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City Limits* (the "First Amendment"); and

WHEREAS, the First Amendment is conditional on the City and the District negotiating and entering into a Wastewater Utility Operating Services Agreement that provides, among other things, for City operation and maintenance of the sanitary sewer system, use of District property, for City performance of certain administrative and financial functions, coordination of planning and projects, and for the District, by and through its Board of Commissioners, to continue to own and govern the Wastewater System and District assets; and

WHEREAS, the City and District are authorized under chapter 39.34 RCW, the Interlocal Cooperation Act, and RCW 35.13A.070 to contract for the coordinated exercise of powers and sharing of resources for the efficient delivery of services to their residents, and the governing bodies of both parties have approved the execution of this Agreement;

NOW THEREFORE, in consideration of the foregoing recitals, which are incorporated herein as is if fully set forth below, and the terms and provisions contained herein, the City and the District agree as follows:

Section 1. Purpose of Agreement and Definitions.

The purpose of this Services Agreement is to set forth the roles and responsibilities of the Parties regarding Shoreline's performance of services and functions in operating and maintaining the Wastewater System and the Wastewater Utility and provision of administrative and financial services and functions and Ronald's budgeting, reimbursement, and payment for the same. The context of the Agreement is that the District exercises legislative duties as the Parties work toward final assumption. In this Agreement, the following terms have the following meanings, whether singular or plural.

- 1.1 "2002 Interlocal Operating Agreement" means the *Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City Limits*, effective October 22, 2002.
- 1.2 "City" or "Shoreline" means the City of Shoreline, a non-charter optional municipal code city incorporated under the laws of the State of Washington.
- 1.3 "Designated Representative" means the person named by each Party's Service Agreement Manager to serve as the point of contact and to facilitate and coordinate communications, meetings, schedules, the exchange of information, and related tasks.
- 1.4 "District" or "Ronald" means the Ronald Wastewater District, a municipal corporation organized under Title 57 RCW and governed by its Board of Commissioners.
- 1.5 "Effective Date" means October 23, 2017, which is the date this Services Agreement enters into force and effect.
- 1.6 "Financial Administration" means the process of performing daily, weekly, and monthly reconciliations as appropriate to ensure proper booking of District revenues, making disbursements on behalf of District and transmitting disbursement requests to King County, and providing disbursement reports to the District for formal approval of the Board of Commissioners in a timely fashion.
- 1.7 "First Amendment" means a document entitled *First Amendment of Interlocal Operating Agreement Between the City of Shoreline and Ronald Wastewater District Relating to Sanitary Sewer Services Within Shoreline's City Limits*, dated June 22, 2017.
- 1.8 "GFC" means the District's General Facilities Charge, which is a capital charge for connecting to the Wastewater System.
- 1.9 "Major Action" means an action or approval by the Ronald Board of Commissioners as set forth in Section 4.2 of the First Amendment.

1.10 “Major Proactive Vehicle Maintenance or Repairs” means maintenance or repairs of Wastewater Utility vehicles and equipment that are identified in advance of the maintenance or repair needing to occur, and exceed the approved maintenance and repair budget for the vehicle or cost more than \$2,000 per incident.

1.11 “Major Reactive Vehicle Maintenance or Repairs” means maintenance or repairs of Wastewater Utility vehicles and equipment that are identified after the vehicle has already stopped operating properly, and exceed the approved maintenance and repair budget for the vehicle or cost more than \$2,000 per incident.

1.12 “Minor Vehicle Maintenance or Repairs” means maintenance or repairs of Wastewater Utility vehicles and equipment that are within the approved maintenance and repair budget for the vehicle and costing \$2,000 or less per incident.

1.13 “O&M” means operations and maintenance.

1.14 “Real Estate” means all real property owned in fee by Ronald and held as an asset of the Wastewater Utility.

1.15 “Ronald Service Area” means all the territory located within the corporate boundaries of Ronald Wastewater District, plus those areas lying outside of the corporate boundaries of the District where the District’s sanitary sewer system and appurtenances are now or may in the future be located or where the District is providing wastewater utility service to customers.

1.16 “Service Agreement Manager” means each Party’s identified lead with responsibility for administering and overseeing this Agreement.

1.17 “WCIA” means the Washington City Insurance Association, which currently provides insurance coverage, services, and products to the City.

1.18 “WSRMP” means the Water and Sewer Risk Management Pool, which currently provides insurance coverage, services, and products to the District.

1.19 “Wastewater System” means the District’s sanitary sewer collection and conveyance system, which is generally comprised of wastewater pipes, mains, pump stations, grinder pumps, storage facilities, manholes, and appurtenances thereto, not including any wastewater treatment facilities, together with all i) contractual and other rights for wastewater treatment and disposal, and ii) easements, access rights, and other real property interests (not including fee simple).

1.20 “Wastewater Utility” means the District enterprise that owns the Wastewater System and related assets; provides sanitary sewerage services in the Ronald Service Area, including maintenance and operation of the Wastewater System, customer billing, customer service, vendor contracting, and other functions; and levies and collects rates and charges.

Section 2. Exhibits to Agreement and Referenced Documents.

2.1 The following exhibits are attached to and incorporated into this Agreement.

Exhibit A: Ronald Contracts to be retained by the District.

Exhibit B: Ronald Contracts to be assigned to the City.

2.2 List of Referenced Documents in this Services Agreement:

District Comprehensive Code of Rules and Regulations Governing the Operation, Control and usage of the District's Sewage Collection Facilities

District Financial and Customer Service Policies

District Developer Extension Manual

District 2016 Operations and Maintenance Manual

District Service Area Map

District 2010 Comprehensive Sewer Plan

District Adopted Rate Schedule

Section 3. Term and Termination.

3.1 This Services Agreement will take effect on the Effective Date, and it will continue in force and effect for a period of two (2) years, unless terminated sooner pursuant to its terms or written agreement of the Parties.

3.2 The City, acting in its sole discretion at least two (2) months prior to the end of the two-year term of the Agreement, may extend this Service Agreement for an additional two (2) years by providing written notice to the District.

3.3 The Parties intend for this Services Agreement to be coextensive with the First Amendment. In the event that the City files a dissolution petition under section 4.8 of the 2002 Interlocal Operating Agreement or Section 6 of the First Amendment, then this Agreement will terminate on the date such a dissolution petition takes effect.

Section 4. Agreement Management and Communications.

4.1 This Agreement will be jointly managed and administered by the Parties' Services Agreement Managers:

Shoreline: the City Manager

Ronald: the President of the Board of Commissioners.

Ronald may change its Service Agreement Manager by action of the Board of Commissioners. The City and Ronald agree to work cooperatively with each other to achieve the mutually agreeable goals as set forth in this Agreement.

4.2 Within 30 days of this Agreement taking effect, each Services Agreement Manager will designate a Designated Representative and will provide notice to the other Party. The Parties intend for their Designated Representatives to serve as the initial point of contact, to handle communications, and to carry out a Party's business under this Agreement on a day-to-day basis and in the ordinary course, with elevation to the Services Agreement Manager as necessary and appropriate. An employee, independent contractor, or official may serve as a Designated Representative. At any time, a Party may change its Designated Representatives by providing notice to the other Party.

4.3 The Parties intend for all questions, requests, information transmission, and other communications to come from and go to their respective Designated Representatives. A Party's elected officials, staff, or agents will not engage directly with the other Party's officials, staff, or agents regarding operation of the Wastewater Utility or the Wastewater System, except through the Party's Designated Representative or Services Agreement Manager.

Section 5. Notices.

Unless otherwise provided herein, all notices and communications concerning this Agreement shall be in writing and addressed to the Designated Representative. Unless otherwise provided herein, all notices shall be either: (i) delivered in person, (ii) deposited postage prepaid in the certified mails of the United States, return receipt requested, (iii) delivered by a nationally recognized overnight or same-day courier service that obtains receipts, or (iv) delivered electronically to the other party's Designated Representative as listed herein.

Section 6. City and District Services Agreement Reporting and Engagement.

6.1 Each month, the City will provide the District Board of Commissioners two written reports with oral presentations by person(s) knowledgeable about the reports, as follows.

6.1.1 Wastewater Utility Financial Report. The Financial Report shall include an Assets, Liabilities, Revenues and Expenses Statement, a Cash Reconciliation Statement, a General Facilities Charge Recap, a Billing Adjustment Report, and a Voucher Report.

6.1.2 Wastewater Utility Operations and Maintenance Report. The O&M Report will outline levels of service provided and identify other maintenance and operational activities performed by the City. The O&M Report shall also include, as necessary and appropriate, information about budget, cost, repair, capital or other issues, including potential Major Actions.

6.1.3 The City will make best efforts to provide the Financial Report and the O&M Report to the District five (5) days before a District Board of Commissioners meeting at which the relevant subject is on the agenda. The Designated Representatives will coordinate meeting schedules and agendas and the respective reports.

6.2 On a quarterly basis at a regular District Board of Commissioners meeting, the City will provide an oral presentation with written update or summary materials regarding performance of services, operation of the Wastewater Utility, budget and financial administration, and other relevant topics.

Section 7. Wastewater Utility Services Provided by the City.

7.1 During the term of this Service Agreement, the District Board of Commissioners retains legislative authority over District assets and policy matters, including without limitation fixing and collecting rates and charges, holding and managing District property and assets, adopting and carrying out the District's comprehensive plan, changes to the District's Code of Rules and Regulations, and decisions on Major Actions.

7.2 During the term of this Service Agreement, the City will provide Wastewater Utility services on behalf of the District, including the following matters.

7.2.1 Operation and Maintenance of the Wastewater System. The City will operate, maintain, and repair the Wastewater System on behalf of the District in general conformance with Section 1 of the District's 2016 O&M Manual, including without limitation the following functions and tasks:

- a) Collection System
 - i. Manhole
 - ii. Grinder Pumps
 - iii. Lift Stations/Pump Stations
 - iv. Pipeline Cleaning and CCTV Inspection
 - v. Fats, Oils and Grease (F.O.G.) Program
 - vi. After hours and emergency response services.
- b) Planning and Development
 - i. Permit issuance
 - ii. Inspection of permitted work
 - iii. Mapping services (GIS)
 - iv. Recordable document creation
 - v. Certificate of Sewer Availability issuance
 - vi. Developer Extension Agreements. Utilizing the District's Developer Extension Manual, the following process will occur:

A. The City will develop a proposed extension agreement with the relevant developer(s) for District Board of Commissioners review; and

B. The District Board of Commissioners will take action to approve, deny, or otherwise dispose of any proposed extension agreement.

7.2.2 Wastewater Utility Billing and Customer Service. The City will perform the function of Wastewater Utility billing and customer service on behalf of the District. Specific functions include but are not limited to the following:

- a) The City will provide billing and customer support services for the Wastewater Utility on behalf of the District.
 - i. All billing will be based on the District's adopted schedule of rates and charges.
 - ii. The City will respond to all customer inquiries regarding rates and billing.
 - iii. The City will coordinate the delinquent collection process with the District's attorney.
- b) The City will maintain customer account information following District practices in place prior to this Agreement.

7.2.3 Financial Administration. The City will provide financial administration on behalf of the District. Specific functions include but are not limited to the following:

- a) The City will process payroll for the District Board of Commissioners and supporting staff, if any.
- b) The City will provide accounting support for the District Board of Commissioners and coordinate with the District's consulting accountant in the preparation and audit of the District Annual Financial Statement to ensure timely filing of financial statements.
- c) The City will coordinate with the State Auditor for the District's annual audit.

7.2.4 District Responsibilities in Financial Administration. During the term of this Services Agreement, the District retains control and responsibility of certain financial functions, including but not limited to the following:

- a) Continues as the fiduciary responsible for Wastewater Utility funds and the District's US Bank Account.

- b) Adopting an annual operating budget, in coordination with the City.
- c) Formal approval of the District's monthly voucher report monthly.
- d) The District maintains the direct relationship with King County, which will continue to serve as the Treasurer for the District.

Section 8. Wastewater Utility and Permit Payments.

8.1 In providing Wastewater Utility services, the City will accept, receive, and account for payments for sewer or wastewater rates, charges, or fees and other District revenues or incoming funds. The City will track and account separately for all Wastewater Utility payments and monies.

8.2 Specific streams of customer payments of Ronald rates and charges will be handled as follows:

8.2.1 Payments made online, through the Automated Clearing House ("ACH"), or by mail to Retail Lockbox will follow the current process and will be deposited directly in the District's US Bank Account or at King County Treasury.

8.2.2 Payments made for GFCs will be held by the City as a liability. The amounts will be separately accounted for and will be reconciled and credited against the District's quarterly payment, except for an individual GFC payment more than \$10,000. When a single GFC payment exceeds \$10,000, the City will transfer the payment amount to the District within 20 days of receipt.

8.2.3 Cash or check payments and wastewater permit payments made at City Hall will be held by the City as a liability. The amounts will be separately accounted for and will be reconciled and credited against the District's quarterly payment.

Section 9. Real Estate.

9.1 The District will continue to own all of its real property and improvements, including the District office and maintenance buildings, which are assets of the Wastewater Utility.

9.2 The City will use all District buildings for Wastewater Utility purposes. If the City uses some or all of a District property or building for other purposes, then the City will track, record, and account for such usage so as to keep the Wastewater Utility whole.

9.3 Routine Maintenance or Repairs

9.3.1 Routine maintenance or repairs of real property costing \$5,000 or less per incident will be a maintenance expense that the City will pay for and recover as a reimbursable service.

9.3.2 Routine maintenance or repairs of real property that are conducted will be communicated to the District as part of the Monthly Maintenance Report.

9.3.3 If the annual routine maintenance or repair budget is exceeded during the course of the year, the City will communicate with the District and follow the procedures herein for budget revision.

9.4 Non-Routine Maintenance or Repairs

9.4.1 Non-routine maintenance or repairs of real property costing \$5,000 or less will be performed by the City as a reimbursable service.

9.4.2 Maintenance or repairs of real property exceeding \$5,000 will be the responsibility of the District and would be paid for as a capital expenditure of the District. The City will coordinate with the District as needed to hire a contractor to complete the repair.

9.5 Emergency Maintenance or Repairs

9.5.1 If the City determines that emergency maintenance or repairs are needed that exceed the \$5,000 threshold, the City will commence repairs immediately and inform the District as soon as possible after the incident occurs.

Section 10. Wastewater System.

10.1 During the term of this Agreement, the District will continue to own the Wastewater System, which is an asset of the Wastewater Utility.

10.2 The City will undertake and perform all maintenance and repairs on the Wastewater System, except as expressly provided below.

10.2.1 Routine Maintenance or Repairs

- a) Routine maintenance or repairs of the Wastewater System costing \$10,000 or less per incident are a maintenance expense that the City would incur as a reimbursable service.
- b) Any routine maintenance or repairs of the Wastewater System that are undertaken will be communicated to the District as part of the Monthly Maintenance Report.

- c) If the annual routine maintenance or repair budget is exceeded during the course of the year, the City will communicate with the District and follow the procedures herein for budget amendment.

10.2.2 Non-routine Maintenance or Repairs

- a) Maintenance or repairs of the Wastewater System exceeding \$10,000 per incident will be identified by the City and communicated by the Designated Representative to the District as they occur.
- b) Maintenance or repairs of the Wastewater System exceeding \$10,000 are the responsibility of the District and will be paid for as a capital expenditure of the District. The City will coordinate with the District as needed to hire a contractor to complete the repair.

10.2.3 Emergency Maintenance or Repairs

- a) If the City determines that emergency repairs are needed that exceed the \$10,000 threshold, the City will commence repairs immediately and inform the District as soon as possible after the incident occurs.

Section 11. Vehicles and Equipment.

11.1 Ownership

11.1.1 All District vehicles, equipment, and personal property useful or necessary in operation of the Wastewater System will be transferred to the City from the District for Wastewater Utility use.

11.1.2 The City will own, use and maintain the vehicles and equipment as an asset of the Wastewater Utility. During the term of this Agreement, the vehicles will display the Ronald District logo.

11.2 Replacement

11.2.1 The District will fund the vehicle replacement costs of vehicles as they reach the end of their useful life.

11.3 Minor Vehicle Maintenance or Repairs

11.3.1 Minor Vehicle Maintenance or Repairs, if needed, will be the responsibility of the City.

11.3.2 If the annual Minor Vehicle Maintenance or Repair budget is exceeded during the course of the year, the City will communicate with the District and follow the procedures herein for a budget amendment.

11.4 Major Proactive Vehicle Maintenance or Repairs

11.4.1 The City will identify Major Proactive Vehicle Maintenance or Repairs that are needed and will communicate such needs and alternative solutions to the District.

11.4.2 Once communicated to the District, the District Board of Commissioners will review the proposed Major Proactive Vehicle Maintenance or Repairs and possible alternative solutions, and the Board of Commissioners will then decide whether to approve payment for the proposed maintenance or repair, to replace the vehicle altogether, or to adopt an alternative solution.

11.5 Major Reactive Vehicle Maintenance or Repairs

11.5.1 If Major Reactive Maintenance or Repairs are needed, the City will arrange for a rental/contract vehicle or equipment to temporarily replace the vehicle or equipment that is out of service and communicate to the District that a vehicle or equipment is currently not operable.

11.5.2 Once communicated to the District, the District Board of Commissioners will review the proposed Major Reactive Vehicle Maintenance or Repairs and possible alternative solutions, and the Board of Commissioners will then decide whether to approve payment for the proposed maintenance or repair, replace the vehicle altogether, or to adopt an alternative solution.

Section 12. **Policies and Code Provisions.**

12.1 The City will operate consistent with the District's Comprehensive Code of Rules and Regulations Governing the Operation, Control and usage of the District's Sewage Collection Facilities, the District's Developer Extension Manual, and the District's Customer Service Policies during the term of this Services Agreement.

12.2 The City will operate in general conformance with the District's 2016 Operations and Maintenance Manual during the term of this Services Agreement.

12.3 The City will operate the Wastewater Utility using the City's purchasing and procurement code and guidelines, unless Title 57 RCW requires otherwise.

12.4 The District will continue to follow District practices for procurement related to activities not covered under this Agreement (such as District professional service agreements, CIP, etc.).

Section 13. Regional Coordination and Mutual Aid.

The District is a signatory to or participant in mutual aid networks including the *Regional Coordination Framework for Disasters and Planned Events* (King County 2015), the *Regional Hazard Mitigation Plan* (King County 2014), and with regional wastewater utilities, and the District Wastewater Utility will continue to do so in coordination with the City under this Agreement.

Section 14. Existing Contracts.

The Parties will work together and cooperate to identify and review all existing contracts and agreements to which Ronald is a party and determine the appropriate disposition of contracts. The contracts listed in Exhibit A are to be retained by Ronald and managed by the District Board of Commissioners. The contracts listed in Exhibit B will be assigned or transferred to the City to be managed and performed under this Services Agreement, and the District will undertake to complete such contract assignment by December 1, 2017.

Section 15. Capital Improvement Plan and Engineering.

15.1 The District will continue to manage the Wastewater Utility's capital improvement plan ("CIP"). The District will manage capital projects, and the District intends to staff project management through the CHS Engineering contract. The District will be responsible for developing and adopting any amendments and updates to the CIP. The District will direct CHS Engineering to keep City engineering staff informed about District CIP projects, which the Designated Representatives will coordinate.

15.2 The District will have lead responsibility for funding all projects in the CIP. In the event bond financing is necessary and appropriate for improvements in the approved District CIP, the City will authorize, issue, and sell revenue bonds (the "City Bonds") and make a loan to the District to fund all or a portion of the CIP projects. The City Bonds will be payable from revenues of the District.

15.3 Prior to the date the City Bonds are issued, the City and the District will enter into an agreement regarding the loan and use of bond proceeds, the obligation of the District to pay debt service on the City Bonds during their term or until assumption occurs, and the tax requirements applicable to any tax-exempt City Bonds.

Section 16. Wastewater Comprehensive Plan.

16.1 The City will use the District's 2010 Comprehensive Sewer Plan.

16.2 The District will continue to work on and finalize the hydraulic analysis for the two Sound Transit station areas.

Section 17. Records Management and Information Technology.

17.1 The City will serve as custodian of all District and Wastewater Utility records and files and will maintain the same on behalf of the District.

17.2 The City will provide information technology support to the District, including email, telephone, and computer network support.

17.3 The City will maintain the District web site and will coordinate customer and public information content with the Ronald Board of Commissioners. The District web site will provide a link to the City's website or software for billing and payment.

Section 18. Public Disclosure Act and Records Requests.

In the event that either Party receives a request for public records relating to the Wastewater System, the Wastewater Utility, or the Ronald Wastewater District, the Parties agree that the City will take the lead role in responding to the request as a service task and responsibility. When a Party receives a public records request, the Party will promptly and without delay transmit the request to the Other Party's Designated Representative, and the Parties will coordinate and communicate in a timely manner to respond to the request. The City will be responsible for compliance with the Public Disclosure Act and liable for any non-compliance, except in the event that the District fails to timely transmit a request for public records or is otherwise at fault for non-compliance with the Public Disclosure Act.

Section 19. Services Agreement Budget and Reimbursement Payment.

19.1 District will reimburse the City for services based on the budgeted cost of operations. The District will pay the City 25% of the budgeted annual costs each quarter in advance.

19.2 The budget reimbursement for 2017 will cover the period October 23 to December 31, 2017 and will be equal to a prorated portion of the District's 2017 budget adjusted for any cyclical payments that are due during this time. For the 2017 budget period, the District will pay the budgeted amount to the City by October 23, 2017.

19.3 City Budget Adoption Process

19.3.1 The City will develop its Wastewater Operations Fund budget for 2018 in collaboration with the District through its Designated Representative with the intent to maintain budgeted costs as close to 2017 budget as possible.

19.3.2 The City will strive to maintain growth in maintenance and operations costs to less than the June-to-June percentage change of the consumer price index for the Seattle/Tacoma/Bremerton area ("CPI-U"). Personnel costs will grow consistent with City policy regarding cost of living adjustments ("COLA") and benefit increases.

19.3.3 The City will present a budget summary to the District Board of Commissioners prior to budget adoption in November. The summary will compare City proposed budgeted costs alone and including the projected District costs for the budgeted years being discussed so that the District can evaluate the total budget. An explanation will be provided if the maintenance and operation cost increases exceed the June-to-June percentage change of the CPI-U. A summary of salary and benefit changes will be provided (*i.e.* percentage increase for COLA and benefits or other changes that drove an overall increase).

19.4 City Budget Amendment Process

19.4.1 Budget amendments are not anticipated but may be necessary in the event that unanticipated costs are incurred in the operation of the Wastewater Utility.

19.4.2 The City will review any proposed amendments to the Wastewater Utility budget with the District Board of Commissioners prior to discussion and adoption.

19.4.3 In all proposed budget amendments, the City will provide adequate documentation to support the necessity of the amendment. In reviewing or acting on any proposed budget amendment, the District will take into consideration the explanation and reason(s) provided by the City to support the need for additional budget authority.

19.4.4 An individual budget amendment request exceeding \$5,000 requires approval by the District Board of Commissioners. An individual budget amendment request less than or equal to \$5,000 will be approved administratively by the City; provided, however, that approval by the District Board of Commissioners is required in the event such individual requests, in the aggregate, exceed \$50,000.00 in a calendar year.

19.4.5 All approved budget amendments will tracked and reported. Remaining quarterly payments will be recalculated to address the impacts of approved amendments.

19.5 Annual Reconciliation

The City will perform an annual reconciliation of direct operational costs comparing actual to budget following year end close. If the City has experienced any budget savings in direct operational costs the reconciliation will result in a credit adjustment (to the amount due to the city for the current year). This credit can be applied to a single quarter or spread over remaining quarters in the year at the discretion of the District Board of Commissioners.

Section 20. Insurance.

20.1 The City will carry liability coverage related to the operation of the Wastewater Utility and for use of property, and Equipment Damage.

20.2 District will maintain property coverage for District Property and liability relating to the actions of the District Board of Commissioners.

20.3 District will waive subrogation against the City only for damage covered by the District's property insurance.

20.4 For the purpose of avoiding any uninsured exposure for the District, the City expressly waives all immunity and limitation of liability under the Industrial Insurance Act, Title 51 RCW, for any claims for personal or bodily injury brought by a City employee against the District. This waiver was the result of mutual negotiations of the City and the District.

20.5 The City and District will coordinate insurance coverage to make sure that no gaps in coverage exist. Specifically, the City and the District will meet and confer in a timely fashion with the WSRMP and the WCIA to plan and obtain adequate insurance coverage for all necessary and appropriate Wastewater Utility and Wastewater System property, activities, events, and contingencies.

Section 21. Dispute Resolution.

21.1 The Parties agree to use their best efforts to resolve disputes arising out of or related to this Agreement using good faith negotiations by engaging in the following dispute resolution process should any such disputes arise. The Parties agree that cooperation and communication are essential to resolving issues efficiently.

21.2 Any disputes or questions of interpretation of this Agreement or the performance of either Party under this Agreement that may arise between Ronald and Shoreline will be governed under the dispute resolution provision in Section 11 of the 2002 Interlocal Operating Agreement. Either Party may refer a dispute to the dispute resolution process by providing written notice of such referral to the other Party's Designated Representative.

21.3 Before either Party may refer a dispute to arbitration under Section 11 of the 2002 Interlocal Operating Agreement or provide a notice of the same to the other Party, the Parties will seek to resolve the dispute at the lowest possible level by completing the following steps.

21.3.1 The District's Designated Representative and the City's Designated Representative shall meet to discuss and attempt to resolve the dispute in a timely manner. If they cannot resolve the dispute within ten (10) days, then the Parties' Designated Representatives will refer the dispute to the Parties' Services Agreement Managers.

21.3.2 The Services Agreement Managers will meet and confer and attempt to resolve the dispute. If the Services Agreement Managers cannot resolve the dispute within fourteen (14) days, then either Party may initiate arbitration.

Section 22. Hold Harmless and Indemnity.

Each Party agrees to hold harmless, indemnify, and defend the other Party, its officers, agents, and employees, from and against any and all claims, damages, losses or liability, injuries, or suits ("Claims") arising out of any willful misconduct or negligent act, error, or omission of the indemnifying Party, its officers, agents, or employees, in connection with the services required by this Agreement, *provided*, however, that the indemnifying Party's obligations to indemnify, defend and hold harmless i) shall not apply to Claims caused by or resulting from the sole willful misconduct or sole negligence of the other Party, its officers, agents or employees and ii) shall apply only to the extent of the negligence or willful misconduct of the indemnifying Party, its officers, agents, or employees.

Section 23. Miscellaneous.

23.1 This Agreement constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersedes any and all prior negotiations (oral and written), understandings, and agreements with respect hereto; *provided*, however, that this Agreement is entered pursuant to, and is intended to be construed and interpreted in harmony with, the 2002 Interlocal Operating Agreement and the First Amendment.

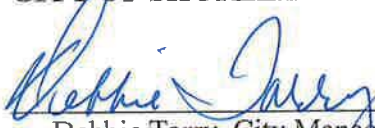
23.2 This Services Agreement is specific to the Parties and may not be assigned in whole or in part. This Agreement is made and entered into for the sole protection and benefit of the Parties. The Parties do not intend to create any third-party beneficiaries to this Agreement, and no other person will have any right of action based upon any provision of this Agreement.

23.3 Any provision or part of the Agreement held to be void or unenforceable under any law or regulation shall be deemed stricken and all remaining provisions will continue to be valid and binding upon the Parties, who agree that the Agreement will be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

23.4 This Agreement will be construed and enforced in accordance with the laws of the State of Washington. Venue of any suit between the Parties arising out of this Agreement must be King County Superior Court.

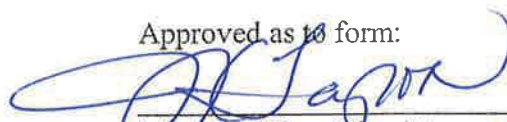
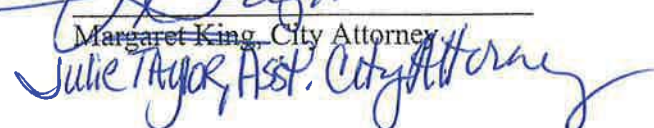
IN WITNESS WHEREOF, the authorized representatives of the Parties have duly executed this Agreement as of the date stated below.

CITY OF SHORELINE


Debbie Tarry, City Manager

Date: 10/20/17, 2017

Approved as to form:


Margaret King, City Attorney

Julie Taylor, Asst. City Attorney

RONALD WASTEWATER DISTRICT:


Gretchen A. Atkinson, President, Board of Commissioners

Date: Sept 25, 2017

Attest:


Chris J. Eggen, Secretary, Board of Commissioners

81190v11

Exhibit A
Contracts Retained by Ronald

UTILITY RELOCATION AGREEMENT, between Ronald Wastewater District and Sound Transit, January 10, 2017.

REGIONAL COORDINATION FRAMEWORK FOR DISASTERS AND PLANNED EVENTS (King County), 2015.

REGIONAL HAZARD MITIGATION PLAN (King County), 2014.

AGREEMENT BETWEEN RONALD WASTEWATER DISTRICT AND OLYMPIC VIEW WATER AND SEWER DISTRICT RELATING TO USE OF SEWER SYSTEM, December 14, 2005.

OPERATIONS AND MAINTENANCE AGREEMENT, between Ronald Wastewater District and the City of Lake Forest Park, March 13, 2003.

AGREEMENT TO TRANSFER WASTEWATER ASSETS AND SERVICE, between Ronald Wastewater District and the City of Lake Forest Park, December 30, 2002.

WASTEWATER FACILITIES USE AGREEMENT, between The City of Seattle acting by and through its Seattle Public Utilities and Ronald Wastewater District, October 1, 2001.

AGREEMENT BETWEEN THE TOWN OF WOODWAY AND SHORELINE WASTEWATER MANAGEMENT DISTRICT, a/k/a RONALD SEWER DISTRICT RELATING TO THE USE OF THE DISTRICT'S SEWERS, November 25, 1991.

AMENDMENT TO AGREEMENT FOR SEWAGE DISPOSAL, between Ronald Sewer District and King County METRO, October 2, 1992.

AGREEMENT FOR WASTEWATER TREATMENT, DISPOSAL AND TRANSPORT SERVICES BY AND AMONG THE CITY OF EDMONDS, THE CITY OF MOUNTLAKE TERRACE, OLYMPIC VIEW WATER AND SEWER DISTRICT, AND RONALD SEWER DISTRICT, May 16, 1988.

AGREEMENT FOR THE JOINT USE OF SEWAGE DISPOSAL FACILITIES, between City of Mountlake Terrace and Ronald Sewer District, October 4, 1971.

PUMPING STATION JOINT USE AGREEMENT RONALD SEWER DISTRICT, HIGHLANDS SEWER DISTRICT, between Ronald Sewer District and the Highlands Sewer District, June 21, 1971.

CONTRACT FOR CONNECTION AND USE OF SEWER; between Olympic View Water District and Ronald Sewer District, September 21, 1970.

Exhibit A (continued)
Contracts Retained by Ronald

CONTRACT FOR CONNECTION AND USE OF SEWER, between Olympic View Water District and Ronald Sewer District, September 9, 1968.

CHS ENGINEERS, LLC, Engineering services (Annual Contract).

CLIFTON LARSON ALLEN, LLP, Certified Public Accounting services (Annual Contract).

HENDRICKS-BENNETT, legal services (Annual Contract).

VAN NESS FELDMAN, legal services (Periodic Contract)

INTERLOCAL AGREEMENT WITH WATER AND SEWER RISK MANAGEMENT POOL, risk management and insurance (Annual Contract).

Exhibit B

Ronald Contracts to Assign to City

ACCELA/SPRINGBROOK maintenance contract regarding finance and utility billing software (Annual Contract).

DATABAR customer billing service agreement (month to month).

RETAIL LOCKBOX re receipt and deposit of utility billing payments (Annual Contract).

DOXO online bill viewing and paying service agreement (Annual Contract).

CUMMINS NORTHWEST re pump station generator maintenance (Annual Contract).

SHAW ELEVATOR re pump station elevator maintenance (Annual Contract).

NORTON CORROSION LIMITED re cathodic protection systems inspection (Bi-annual Contract).

**Douglas A. Luetjen**

Attorney at Law

701 Fifth Avenue, Suite 3300

Seattle, Washington 98104

Direct: (206) 224 8061

Main: (206) 223 1313

Fax: (206) 682 7100

dluetjen@karrtuttle.com

August 30, 2018

RECEIVED**SEP 4 2018****SHORELINE CITY ATTORNEY****Via Email and Regular Mail**

City of Shoreline
Attn: Margaret King, Shoreline City Attorney
17500 Midvale Ave N
Shoreline, WA 98133-4905

Re: Ronald Wastewater District

Dear Margaret:

On behalf of our client, BSRE Point Wells, LP, we hereby submit this letter as the 90-day written notice to the City of Shoreline as required by the terms of the Quit Claim Deed dated December 9, 2013 (the "Deed", a copy of which accompanies this letter for your reference), as our client intends to exercise its rights to reacquire the real property rights transferred to the City of Shoreline pursuant to the Deed. The exercise of this right is based on the delay in the City's assumption of the Ronald Wastewater District (the "District") which was to occur by July 1, 2018. As set forth in the Deed, BSRE will present a check in the amount of \$10,000 payable to the City. We propose a closing date no later than November 31, 2018.

By copy of this letter to the District, BSRE also confirms its intention to work with the District to address the errors contained in the original easement agreements as between BSRE's predecessor and the District. To our knowledge the documents to be revised include the following:

- "Easement," dated January 31, 1995, between Shoreline Wastewater Management District and Chevron USA Products Co. (incorrectly recorded in King County).
- An unrecorded document titled "Lift Station 13," which is purported to be between Standard (Chevron's predecessor) and the District (Ronald's predecessor).

August 30, 2018
Page 2

As a next step, we suggest that a conference call be scheduled with one or more representatives of Shoreline, the District and BSRE to discuss the specific issues to be addressed in a new easement agreement.

Sincerely,

KARR TUTTLE CAMPBELL

Douglas A. Luetjen

Enclosure

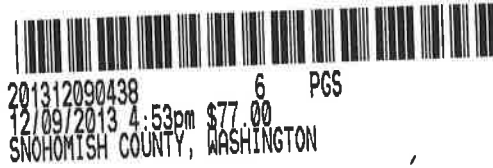
cc: Ronald Wastewater District Board of Commissioners:
Robert (Bob) L. Ransom, rransom@ronaldwastewater.org (via email)
Gretchen A. Atkinson, gatkinson@ronaldwastewater.org (via email)
Chris J. Eggen, ceggen@ronaldwastewater.org (via email)
George R. Webster, gwebster@ronaldwastewater.org (via email)
Wesley J. Brandon, wbrandon@ronaldwastewater.org (via email)

1040526

10.00

After Recording Return To:

City of Shoreline
Attn: Ian Sievers, Shoreline City Attorney
17500 Midvale Ave N
Shoreline, WA 98133-4905



Ms. 7513378 12/9/2013 4:50 PM
Thank you for your payment.
BELLINGHAM

QUIT CLAIM DEED

Reference numbers of related documents:

Grantor: **BSRE Point Wells, LP**, a limited partnership organized under the laws of the State of Delaware.

Grantee: **City of Shoreline**, a noncharter, optional code Washington municipal corporation.

Abbreviated Legal Description: PORTION SOUTHWEST QUARTER OF SOUTHWEST QUARTER OF SECTION 35, TOWNSHIP 27 NORTH, RANGE 3 EAST, WILLAMETTE MERIDIAN.

Full Legal Description: See Exhibit A.

Assessor's Property Tax Parcel Account Number(s):

27033500303800; 27033500303000; 27033500304100

QUIT CLAIM DEED

THE GRANTOR, BSRE Point Wells, LP, a limited partnership organized under the laws of the State of Delaware, for and in consideration of Ten Thousand Dollars (\$10,000.00) in hand paid, and under threat of condemnation, hereby conveys and quit claims to the City of Shoreline, a noncharter, optional code Washington municipal corporation, GRANTEE, all right, title and interest each in and to the following described real estate situated in the County of Snohomish, State of Washington (the "Property"):

The legal description is attached as Exhibit A hereto.

As the Grantee has the lawful authority to operate systems of sewerage under RCW 35.92.010 and condemnation powers to implement this purpose under RCW 8.12.030, this Quit Claim Deed is granted under threat of condemnation and in anticipation of the City of Shoreline's assumption of the assets and operations of the Ronald Wastewater District. In the event Grantee has not completed its assumption of the Wastewater District by the close of business on July 1, 2018, then Grantor at its election may repurchase the property on not less than 90 days advance written notice to the Grantee, in which case a purchase price of \$10,000 must be paid by Grantor to Grantee in exchange for a deed transferring title to Grantor or its assignee.

This conveyance is subject to all easements, restrictions, rights, reservations and other matters of record, as well as those matters known to the Grantee.

In addition to the other reservation of rights contained herein, Grantor reserves the right to use the surface of said Property, so long as said use does not interfere with the installation and maintenance of the sewer main and lift station and so long as no permanent buildings or structures are erected on said easement that would preclude Grantee's access to such sewer main and lift station. Grantor further reserves the right to enter on the Property without notice and at any time for the purpose of inspection, surveying, observation, or any other lawful and proper purpose so long as said use does not interfere with the installation, operation and maintenance of the sewer main and lift station.

Grantor additionally reserves such easements as are necessary and appropriate for the current use of the Property for ingress and/or egress to Grantor's adjacent property and the right to request and require modifications to the improvements on or under the Property (to the extent owned by Grantee), including without limitation any and all utility systems and conveyances now or hereafter located within the Property, if such improvements or systems are deemed, in Grantor's sole discretion, to be inconsistent with or to unduly hamper the

current use of the Property for ingress and/or egress and the approval and ultimate construction and operation of the urban center development proposal now under review by Snohomish County. Such modifications and/or relocations of future improvements would be at Grantor's expense. For the sake of clarity, and without limitation, the parties' acknowledge that the proposed urban center development plan contemplates the construction within the Property of sidewalk access to the plaza and a service drive which shall provide access to the area behind the planned police/fire station. This drive will also be used for loading dock access for the planned upper plaza buildings and for trash pickup for the entire development. Grantor reserves the right to construct and utilize such improvements within the Property on an on-going basis and reserves herein such easements as are necessary and appropriate for such uses and purposes. Grantor further reserves the right to relocate any such easement(s) in and around the Property at Grantor's expense.

Grantor further reserves the right to repurchase the Property in whole or in part if the Grantee intends to sell or otherwise transfer or encumber any or all of the Property to a third party; such repurchase to be for \$10,000 or such lesser amount on a per foot basis if less than the entire Property is to be repurchased. Grantee shall give Grantor 60 calendar days advance written notice of any intended transfer or encumbrance. Grantor shall have 30 calendar days from the date of receipt of such written notice to give notice to Grantee of its intent to exercise such right and shall have an additional 30 calendar days to tender the purchase price to Grantee in exchange for a deed transferring title to the Property, or applicable portion thereof, to Grantor or its assignee. Any transfer or encumbrance by Grantee inconsistent with this right of first refusal shall be null and void.

The parties hereto acknowledge and agree that if corrections to the attached legal description must be made to make the intended transfer consistent with the parties' intent, such correction shall be deemed corrections only and shall not be deemed an additional conveyance.

The remainder of this page is intentionally left blank.

DATED this 9th day of December, 2013.

GRANTOR:

BSRE Point Wells, LP,
a Delaware limited partnership

By: BSRE U.S.A., Inc., a Delaware
corporation, its general partner

By: 

Printed Name: DOUGLAS A. LUETJEN

Title: AUTHORIZED SIGNATORY

STATE OF WASHINGTON)

COUNTY OF KING)

I certify that I know or have satisfactory evidence that DOUGLAS A. LUETJEN is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the AUTHORIZED SIGNATORY of BSRE U.S.A., Inc. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED this 9th day of December, 2013.



M J Hargan
(signed name of notary)

M J HARGAN
(printed name of notary)

Notary Public in and for the
State of Washington

Residing at Bothell

My appointment expires 2-20-14

EXHIBIT ALEGAL DESCRIPTION
RONALD LIFT STATION

THAT PORTION OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 35,
TOWNSHIP 27 NORTH, RANGE 3 EAST, W.M., MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTH ONE-QUARTER CORNER OF SAID SECTION 35:
THENCE NORTH 88°33'35" WEST ALONG THE SOUTHERLY LINE OF SAID SECTION 35 A DISTANCE OF
1177.60 FEET TO THE INTERSECTION WITH THE EASTERLY MARGIN OF RICHMOND BEACH DRIVE;
THENCE NORTH 04°20'57" WEST ALONG SAID EASTERLY MARGIN A DISTANCE OF 258.82 FEET TO A
POINT ON THE NORTH LINE OF THE SOUTH 257.50 FEET OF SAID SOUTHEAST QUARTER OF THE
SOUTHWEST QUARTER OF SECTION 35, SAID POINT BEING THE TRUE POINT OF BEGINNING FOR THIS
DESCRIPTION;

THENCE NORTH 88°33'35" WEST ALONG SAID LINE A DISTANCE OF 18.66 FEET;
THENCE NORTH 01°57'26" WEST A DISTANCE OF 57.10 FEET;
THENCE SOUTH 88°33'35" EAST A DISTANCE OF 76.57 FEET;
THENCE SOUTH 04°20'57" EAST A DISTANCE OF 57.29 FEET TO SAID NORTH LINE OF THE SOUTH 257.50
FEET OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 35;
THENCE NORTH 88°33'35" WEST ALONG SAID LINE A DISTANCE OF 60.31 FEET TO THE POINT OF
BEGINNING.

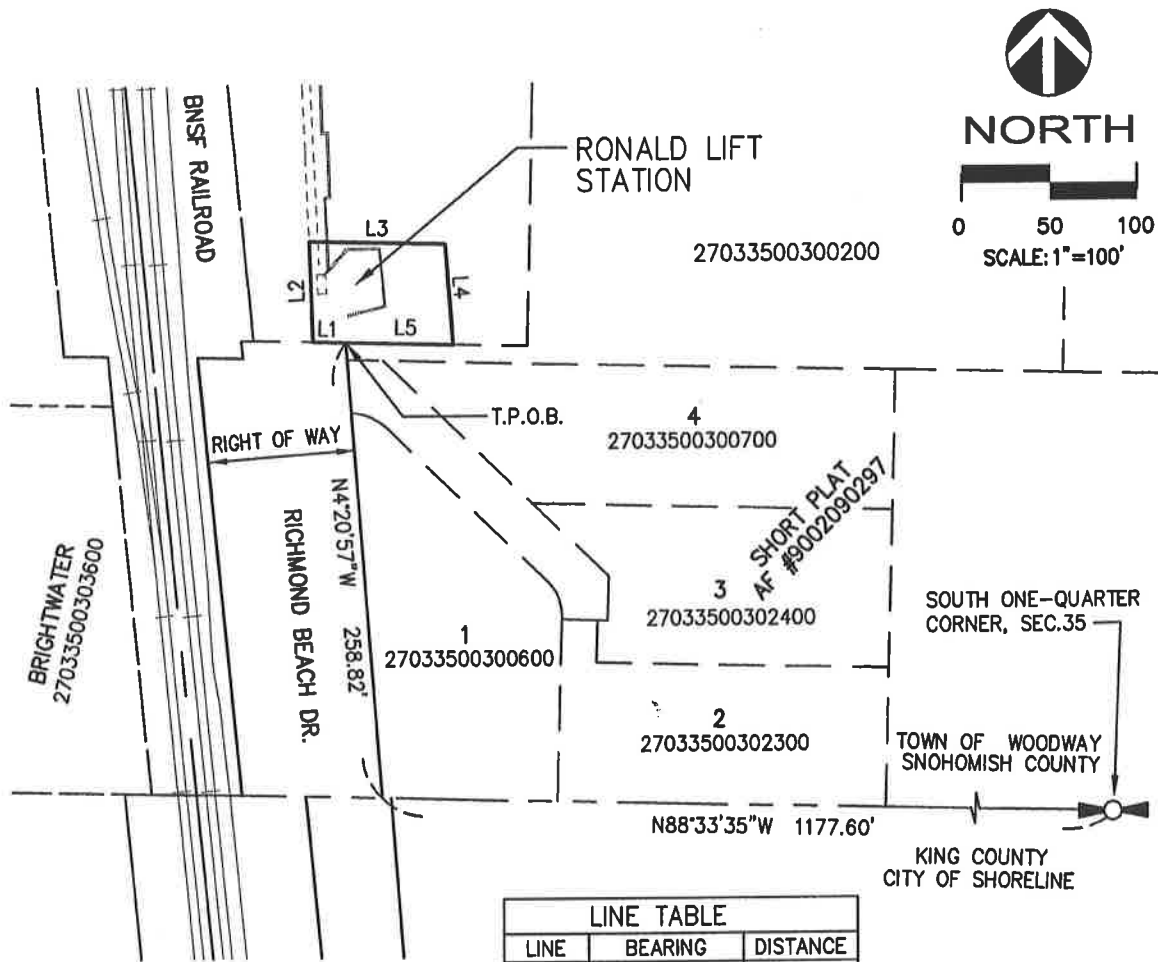
CONTAINING 4,433 SQUARE FEET, MORE OR LESS.

SITUATED IN THE COUNTY OF SNOHOMISH, STATE OF WASHINGTON.



DAVID EVANS & ASSOCIATES, INC.
1620 W. MARINE VIEW DRIVE, SUITE 200
EVERETT, WA 98201
TEL: (425) 259-4099 - FAX: (425) 259-3230





**DAVID EVANS
AND ASSOCIATES INC.**

2100 Southwest River Parkway
Portland Oregon 97201
Phone: 503.223.6663

A-2



SHORELINE
CITY COUNCIL

Will Hall
Mayor

Jesse Salomon
Deputy Mayor

Susan Chang

Doris McConnell

Keith A. McGlashan

Chris Roberts

Keith Scully

Notice of Final Action

Planned Final Action Authorizing Acquisition of
Real Property Under Power of Eminent Domain

September 26, 2018

Sent by Regular and Certified Mail – Return Receipt Requested

Douglas A. Luetjen
BSRE Point Wells LP
c/o KTC Service Corporation
701 Fifth Avenue, Suite 3300
Seattle, WA 98104

RE: Acquisition of a Portion of Tax Parcel Nos. : 27033500303800;
27033500303000, 27033500304100, 27033500304400, 27033500304500,
27033500304300

Located at: 24233 Richmond Beach Dr, Edmonds, WA 98026

HEARING DATE: October 15, 2018 at 7:00 p.m.

HEARING LOCATION: Shoreline Council Chambers
17500 Midvale Avenue North
Shoreline, WA 98133

Dear Mr. Luetjen

As you know, the City of Shoreline is currently the owner of property that BSRE Point Wells, LP, deeded to the City in 2013. A pump station and related infrastructure that provides sewerage service to property owned by BSRE Point Wells, LP, as well as numerous residents of the City of Shoreline and Woodway is currently located on the deeded property. The City is seeking to retain title and acquire any and all property interests, including, but not necessarily limited to all reversions, options and easements, and fee title in the property to ensure the continued and future operations of a system of sewerage.

The City has the authority to acquire BSRE Point Wells' property under the power of eminent domain (condemnation) in compliance with Chapter 8.12 RCW and other State law. The City has begun to, and will continue to, negotiate the purchase of the property in advance of any condemnation proceedings. However, because the property is necessary for the system of sewerage, the City must move forward with the consideration of condemnation proceedings to acquire the property.

Douglas A. Luetjen
September 26, 2018
Page 2

The purpose of this letter is to notify you that pursuant to RCW 8.25.290, the Shoreline City Council will consider final action on October 15, 2018, at 7:00 p.m. or as soon thereafter as may be heard, at the Shoreline Council Chambers, 17500 Midvale Avenue North, Shoreline, WA 98133, for the purpose of considering this real property acquisition and making a final decision (Planned Final Action) on whether or not to proceed with condemnation of the property. The Planned Final Action would include the adoption of an ordinance authorizing a condemnation action to acquire your property for the public purpose of a system of sewerage. You, or your designated representative, may provide comment at the meeting, and you may submit written comments prior to or at the hearing.

The City will continue to seek a negotiated settlement for purchase of the property in lieu of condemnation. Similarly, we will continue to work with you, through our representatives, to see if we can reach an agreed upon purchase price. If you would like to discuss this further or if you have any questions, please contact me at (206) 801-2221.

Sincerely,



Margaret King
City Attorney